

AMENDED IN SENATE JUNE 24, 2003

AMENDED IN ASSEMBLY APRIL 22, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 304

Introduced by Assembly Member Mullin

February 6, 2003

An act to ~~add Section 53534 to~~ *amend Section 53533 of the Health and Safety Code, relating to housing.*

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Mullin. Housing: downpayment assistance.

Under existing law, the California Housing Finance Agency administers a downpayment assistance program under which the amount of downpayment assistance may not exceed 3% of the home sales price. The Housing and Emergency Shelter Trust Fund Act of 2002, also allocates certain housing bond revenues for downpayment assistance to low-income first-time homebuyers who, as documented to the agency by a nonprofit organization certified and funded to provide homeownership counseling, are purchasing a residence in a community revitalization area targeted by the nonprofit organization and have received homeownership counseling from the nonprofit organization.

This bill would limit ~~that~~, *to specified neighborhoods identified by nonprofit organizations, the downpayment assistance to those under that act for low-income first-time homebuyers to, and would require 50% of the funds available for that purpose under the act to be available*

for downpayment assistance not to exceed 6% of the home sales price for a specified period. The bill would also make conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 53534 is added to the Health and Safety~~
2 ~~Code, to read:~~

3 ~~53534. The downpayment assistance provided pursuant to~~
4 ~~subparagraph (C) of paragraph (7) of subdivision (a) of Section~~
5 ~~53533 shall not exceed 6 percent of the home sales price.~~

6 ~~SECTION 1. Section 53533 of the Health and Safety Code is~~
7 ~~amended to read:~~

8 ~~53533. (a) Money deposited in the fund from the sale of~~
9 ~~bonds pursuant to this part shall be allocated for expenditure in~~
10 ~~accordance with the following schedule:~~

11 ~~(1) Nine hundred ten million dollars (\$910,000,000) shall be~~
12 ~~transferred to the Housing Rehabilitation Loan Fund to be~~
13 ~~expended for the Multifamily Housing Program authorized by~~
14 ~~Chapter 6.7 (commencing with Section 50675) of Part 2, except~~
15 ~~for the following:~~

16 ~~(A) Fifty million dollars (\$50,000,000) shall be transferred to~~
17 ~~the Preservation Opportunity Fund and, notwithstanding Section~~
18 ~~13340 of the Government Code, is continuously appropriated~~
19 ~~without regard to fiscal years for the preservation of at-risk~~
20 ~~housing pursuant to enabling legislation Chapter 5 (commencing~~
21 ~~with Section 50600) of Part 2.~~

22 ~~(B) Twenty million dollars (\$20,000,000) shall be used for~~
23 ~~nonresidential space for supportive services, including, but not~~
24 ~~limited to, job training, health services, and child care within, or~~
25 ~~immediately proximate to, projects to be funded under the~~
26 ~~Multifamily Housing Program. This funding shall be in addition~~
27 ~~to any applicable per-unit or project loan limits and may be in the~~
28 ~~form of a grant. Service providers shall ensure that services are~~
29 ~~available to project residents on a priority basis over the general~~
30 ~~public.~~

31 ~~(C) Twenty-five million dollars (\$25,000,000) shall be used for~~
32 ~~matching grants to local housing trust funds pursuant to enabling~~
33 ~~legislation Section 50843.~~

(D) Fifteen million dollars (\$15,000,000) shall be used for student housing through the Multifamily Housing Program, subject to the following provisions:

(i) The department shall give first priority for projects on land owned by a University of California or California State University campus. Second priority shall be given to projects located within one mile of a University of California or California State University campus that is suffering from a severe shortage of housing and limited availability of developable land as determined by the department. Those determinations shall be set forth in the Notice of Funding Availability and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(ii) All funds shall be matched on a one-to-one basis from private sources or by the University of California or California State University. For the purposes of this subparagraph, “University of California” includes the Hastings College of the Law.

(iii) Occupancy for the units shall be restricted to students enrolled on a full-time basis in the University of California or California State University.

(iv) Income eligibility pursuant to the Multifamily Housing Program shall be established by verification of the combined income of the student and his or her family.

(v) Any funds not used for this purpose within 24 months of the date that the funds are made available shall be awarded pursuant to subdivision (a) for the Downtown Rebound Program as set forth in paragraph (1) of subdivision (c) of Section 50898.2.

(E) Any funds not encumbered for the purposes set forth in this paragraph, except subparagraph (D), within 30 months of availability shall revert to the Housing Rehabilitation Loan Fund created by Section 50661 for general use in the Multifamily Housing Program.

~~(F) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the Multifamily Housing Program.~~

(2) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Emergency Housing and Assistance

1 Fund to be expended for the Emergency Housing and Assistance
2 Program authorized by Chapter 11.5 (commencing with Section
3 50800 of Part 2).

4 (3) One hundred ninety-five million dollars (\$195,000,000)
5 shall be transferred to the Housing Rehabilitation Loan Fund to be
6 expended for the Multifamily Housing Program authorized by
7 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
8 used for supportive housing projects for individuals and
9 households moving from emergency shelters or transitional
10 housing or those at risk of homelessness. The criteria for selecting
11 projects should give priority to supportive housing for people with
12 disabilities who would otherwise be at high risk of homelessness
13 where the applications represent collaboration with programs that
14 meet the needs of the person's disabilities. The department may
15 provide for higher per-unit loan limits as reasonably necessary to
16 provide and maintain rents affordable to those individuals and
17 households. For purposes of this paragraph, "supportive housing"
18 means housing with no limit on length of stay, that is occupied by
19 the target population, as defined in subdivision (d) of Section
20 53260, and that is linked to onsite or offsite services that assist the
21 tenant to retain the housing, improve his or her health status,
22 maximize his or her ability to live, and, when possible, work in the
23 community.

24 (4) Two hundred million dollars (\$200,000,000) shall be
25 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund
26 to be expended for farmworker housing programs authorized by
27 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except
28 for the following:

29 (A) Twenty-five million dollars (\$25,000,000) shall be used
30 for projects that serve migratory agricultural workers as defined in
31 subdivision (i) of Section 7602 of Title 25 of the California Code
32 of Regulations.

33 (B) Twenty million dollars (\$20,000,000) shall be used for
34 developments that also provide health services to the residents.
35 Recipients of these funds shall be required to provide ongoing
36 monitoring of funded developments to ensure compliance with the
37 requirements of the Joe Serna, Jr. Farmworker Housing Grant
38 Program. Projects receiving funds through this allocation shall be
39 ineligible for funding through the Joe Serna, Jr. Farmworker
40 Housing Grant Program.



(C) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(5) Two hundred five million dollars (\$205,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated without regard to fiscal years to the department to be expended for the purposes of the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except for the following:

(A) Seventy-five million dollars (\$75,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to ~~enabling legislation Chapter 14.5 (commencing with Section 50860) of Part 1.~~

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that housing accessible to persons with disabilities. For the purposes of this subparagraph, “exterior modifications” includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(C) Ten million dollars (\$10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

(D) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the CalHome Program.

~~(E) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the CalHome Program.~~

(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital

1 expenditures in support of local code enforcement and compliance
2 programs. This allocation shall not be subject to the requirements
3 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title
4 2 of the Government Code. If the moneys allocated pursuant to this
5 paragraph are not expended within three years after being
6 transferred, the department may, in its discretion, transfer the
7 moneys to the Housing Rehabilitation Loan Fund to be expended
8 for the Multifamily Housing Program.

9 (7) Two hundred ninety million dollars (\$290,000,000) shall be
10 transferred to the Self-Help Housing Fund. Notwithstanding
11 Section 50697.1, these funds are hereby continuously
12 appropriated to the agency to be expended for the purposes of the
13 California Homebuyer's Downpayment Assistance Program
14 authorized by Chapter 11 (commencing with Section 51500) of
15 Part 3, except for the following:

16 (A) Fifty million dollars (\$50,000,000) shall be transferred to
17 the School Facilities Fee Assistance Fund as provided by
18 subdivision (a) of Section 51453 to be used for the Homebuyer
19 Down Payment Assistance Program of 2002 established by
20 Section 51451.5.

21 (B) Eighty-five million dollars (\$85,000,000) shall be
22 transferred to the California Housing Loan Insurance Fund to be
23 used for purposes of Part 4 (commencing with Section 51600).

24 (C) (i) Twelve million five hundred thousand dollars
25 (\$12,500,000) shall be reserved for downpayment assistance to
26 low-income first-time homebuyers who, as documented to the
27 agency by a nonprofit organization certified and funded to provide
28 homeownership counseling by a federally funded national
29 nonprofit corporation, ~~is~~ are purchasing a residence in a
30 community revitalization area targeted by the nonprofit
31 organization and who has received homeownership counseling
32 from the nonprofit organization. *Community revitalization areas*
33 *shall be limited to targeted neighborhoods identified by qualified*
34 *nonprofit organizations as those neighborhoods in need of*
35 *economic stimulation, renovation, and rehabilitation through*
36 *efforts that include increased homeownership opportunities for*
37 *low-income families.*

38 (ii) *Effective January 1, 2004, 50 percent of the funds available*
39 *pursuant to clause (i) shall be available for downpayment*

1 assistance in an amount not to exceed 6 percent of the home sales
2 price.

3 (iii) After 12 months of availability, if more than 50 percent of
4 the funds set aside pursuant to clause (ii) have been encumbered,
5 the agency shall discontinue that program and make all remaining
6 funds available for downpayment assistance pursuant to clause
7 (i). If, however, less than 50 percent of the funds allocated pursuant
8 to clause (ii) are encumbered after that 12-month period, the
9 agency may, at its sole discretion, either make all remaining funds
10 provided pursuant to clause (i) available for the purpose of clause
11 (ii), or may continue to implement clause (ii) until all of the funds
12 allocated for that purpose as of January 1, 2004, have been
13 encumbered.

14 (D) Twenty-five million dollars (\$25,000,000) shall be used
15 for downpayment assistance pursuant to Section 51505. After 18
16 months of availability, if the agency determines that the funds set
17 aside pursuant to this section will not be utilized for purposes of
18 Section 51505, these funds shall be available for the general use
19 of the agency for the purposes of the California Homebuyer's
20 Downpayment Assistance Program, but may also continue to be
21 available for the purposes of Section 51505.

22 (E) Funds not utilized for the purposes set forth in
23 subparagraphs (B) and (C) within 30 months shall revert for
24 general use in the California Homebuyer's Downpayment
25 Assistance Program.

26 (8) One hundred million dollars (\$100,000,000) shall be
27 transferred to the Jobs Housing Improvement Account to be
28 expended as capital grants to local governments for increasing
29 housing pursuant to enabling legislation. If the enabling
30 legislation fails to become law in the 2001–02 Regular Session of
31 the Legislature, the specified allocation for this program shall be
32 void and the funds shall revert for general use in the Multifamily
33 Housing Program as specified in paragraph (1) of subdivision (a).

34 (b) No portion of the money allocated pursuant to this section
35 may be expended for project operating costs, except that this
36 section does not preclude expenditures for operating costs from
37 reserves required to be maintained by or on behalf of the project
38 sponsor.

39 (c) The Legislature may, from time to time, amend the
40 provisions of law related to programs to which funds are, or have

1 been, allocated pursuant to this section for the purpose of
2 improving the efficiency and effectiveness of the program, or for
3 the purpose of furthering the goals of the program.

4 (d) The Bureau of State Audits shall conduct periodic audits to
5 ensure that bond proceeds are awarded in a timely fashion and in
6 a manner consistent with the requirements of this part, and that
7 awardees of bond proceeds are using funds in compliance with
8 applicable provisions of this part.

